

A great increase in our national expenditure has accounted for a deficiency of demand for investments, and the neglect of making adequate provision for the reduction of the National Debt tended in the same direction. It is evident that the extinction of debt is a diminution of the supply of stock, and consequently a gradual accession of value. A nation, like an individual, cannot concurrently expend lavishly and recklessly and yet save.

The multiplication of issues of Colonial and Municipal securities has materially absorbed savings which Consols and other investments would otherwise have attracted. And until the accumulations of the country overtake this augmented supply of desirable stocks the depreciation of older issues must continue to be felt. It has been estimated that since the passing of the Colonial Stock Act in 1900 (which authorised trustees to place their funds in specified Colonial securities) to the middle of 1907 the nominal amount of trustee investments, available to the public, has thereby been increased by nearly £300,000,000.

Educed purchases in Consols have been made in recent years by the National Debt Commissioners on behalf of the Post Office Savings' Bank and of the trustee savings' banks and friendly societies, in consequence of excessive fluctuations in the value of the capital.

The destruction of property and capital during the Russo-Japanese war affected values by the withdrawal of money to those countries.

The substantial extent of newly created municipal corporation stocks of an attractive character should also be counted as one of the prominent factors acting against the inducements of Consols.

In 1890, again, a commercial crisis occurred; banks consequently fortified their position by unusual accumulations of cash, which was thus diverted from Consols and other securities, and by the sale of Consols and other investments.

It should finally be remembered that in former days an estate was supposed to gain in dignity if it comprised a substantial amount of Consols among its assets. This preferential choice has now

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